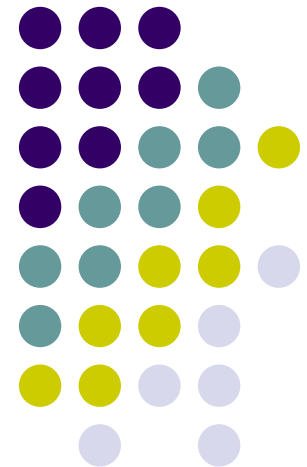


The Drive to Move South: The Growing Role of the Automobile Industry in the South

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Southern Legislative Conference



The Council of State Governments
Sharing capital ideas

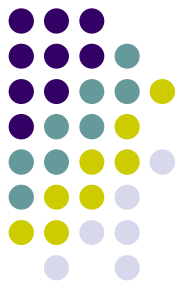
Three Main Parts:



1. Recent Record of Domestic and Foreign Automakers in the U.S.
2. Foreign Automaker Operations in the South.
3. Factors Behind The Drive to Move South.



I. Recent Record:



- U.S. auto industry, a study in contrasts.
- Domestic automakers—Big Three—mostly based in the Midwest, face major problems.
- Several foreign automakers—led by the J-Three (Honda, Toyota and Nissan)—mostly in the South, thriving.

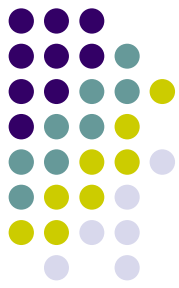


I. Recent Record:



- Proportion of vehicles manufactured and sold by the Big Three continues to shrink.
- In 1986, Big Three's total passenger vehicle sale was 73 percent of total sales; Japanese brands were 21 percent.
- By 2006, Big Three's share had plunged to 53 percent; Japanese brands had increased to 35 percent.





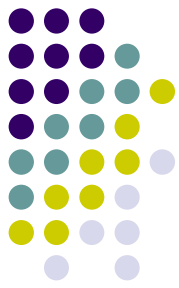
I. Recent Record: Total Passenger Vehicle Market

	1986	2006
Total Sales	16,121,645	16,475,109
American Brands (% of Market)	73.3%	53.5%
Japanese Brands (% of Market)	21.0%	35.0%
German Brands (% of Market)	3.1%	5.6%
Korean Brands (% of Market)	1.0%	4.6%



I. Recent Record:

- Alabama (Mercedes; Honda; Toyota; Hyundai; Isuzu)
- Georgia (Kia)
- Kentucky (Toyota)
- Mississippi (Nissan; Toyota)
- South Carolina (BMW)
- Tennessee (Nissan)
- Texas (Toyota)
- Virginia (Volvo; Volkswagen)
- West Virginia (Toyota)



Nissan Plant in Canton, MS



II. Foreign Automakers in the South: MS



- Toyota in Blue Springs, Mississippi (February 2007)
 - ✓ 1,700-acre site near Tupelo;
 - ✓ \$1.3 billion plant that will manufacture 150,000 Highlanders by 2010;
 - ✓ Nearly 11,000 direct, indirect, induced, local government and construction jobs;
 - ✓ \$358.5 million incentive package with \$293.9 million from the state and \$64.6 million from locals.



Nissan Plant in Canton, MS



II. Foreign Automakers in the South: GA



- Kia in West Point, Georgia
 - ✓ 2.4 million-square-foot facility to produce 300,000 vehicles at full production;
 - ✓ \$1.2 billion investment by Kia that will hire 2,893 direct workers and an additional 2,600 at supplier facilities;
 - ✓ \$258 million package including \$75.9 million in job tax credits, \$20.2 million for job training facility, \$60.5 million to purchase site (state) and \$130 million in property tax abatements over 15 years (local);
 - ✓ Annual economic impact of \$4 billion on neighboring communities in Georgia and Alabama.



Early Aerial View of the KIA Plant in West Point, GA



II. Foreign Automakers in the South: AL



- Isuzu Motors in Pinson, Alabama
 - ✓ 300,000 square-foot facility expected to manufacture 5,000 commercial trucks by 2010;
 - ✓ Forecasted to create 1,000 jobs.
- Mercedes in Vance, Alabama
 - ✓ Mercedes plant contributes \$6 billion annually to the state's GSP (June 2007);
 - ✓ Creates 41,380 direct and indirect jobs;
 - ✓ State provided \$253.3 million in 1993.



Mercedes Models Manufactured at Vance, AL, Plant



Aerial Shot of Mercedes Plant in Vance, AL



BMW Plant in Greer, SC, At Night



II. Foreign Automakers in the South: SC



- BMW in Greer, South Carolina
 - ✓ Cumulative investment at BMW facility (1992 to June 2007) totals \$5.4 billion, including \$3.3 billion by BMW and \$2.1 billion by suppliers;
 - ✓ Employee compensation (1992 to June 2007) amounts to \$3.7 billion;
 - ✓ BMW procurement (1993 to June 2007) totals \$35.5 billion;
 - ✓ Taxes and Duties amount to \$1.5 billion (1993 to June 2007);
 - ✓ South Carolina incentives = \$130 million in 1992.



Aerial Shot of BMW Plant in Greer, SC



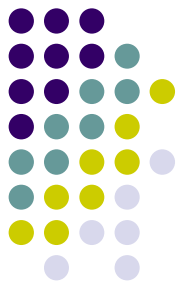
II. Foreign Automakers in the South: TX



- Toyota in San Antonio, Texas
 - ✓ Toyota opened \$1.3 billion dollar plant in November 2006 for producing Tundra pickups;
 - ✓ Toyota officials increased annual assembly line capacity by 50,000 to 200,000 even before production began;
 - ✓ The 2,000 acre site will employ more than 4,000, including 2,100 employees at 21 suppliers;
 - ✓ Total investment, including \$300 million by suppliers, at the facility amounts to \$1.6 billion.



Toyota Tundra Being Manufactured at the San Antonio, Texas Plant



II. Foreign Automakers in the South: TN and VA



- Nissan moving U.S. headquarters to Nashville from Gardena, California (November 2005).
- Volkswagen's announcement regarding moving U.S. headquarters to Herndon, Virginia from Auburn Hills, Michigan (September 2007)
 - ✓ Influx of 400 jobs; \$100 million investment
 - ✓ In turn, Virginia will provide incentives amounting to \$6 million over five years



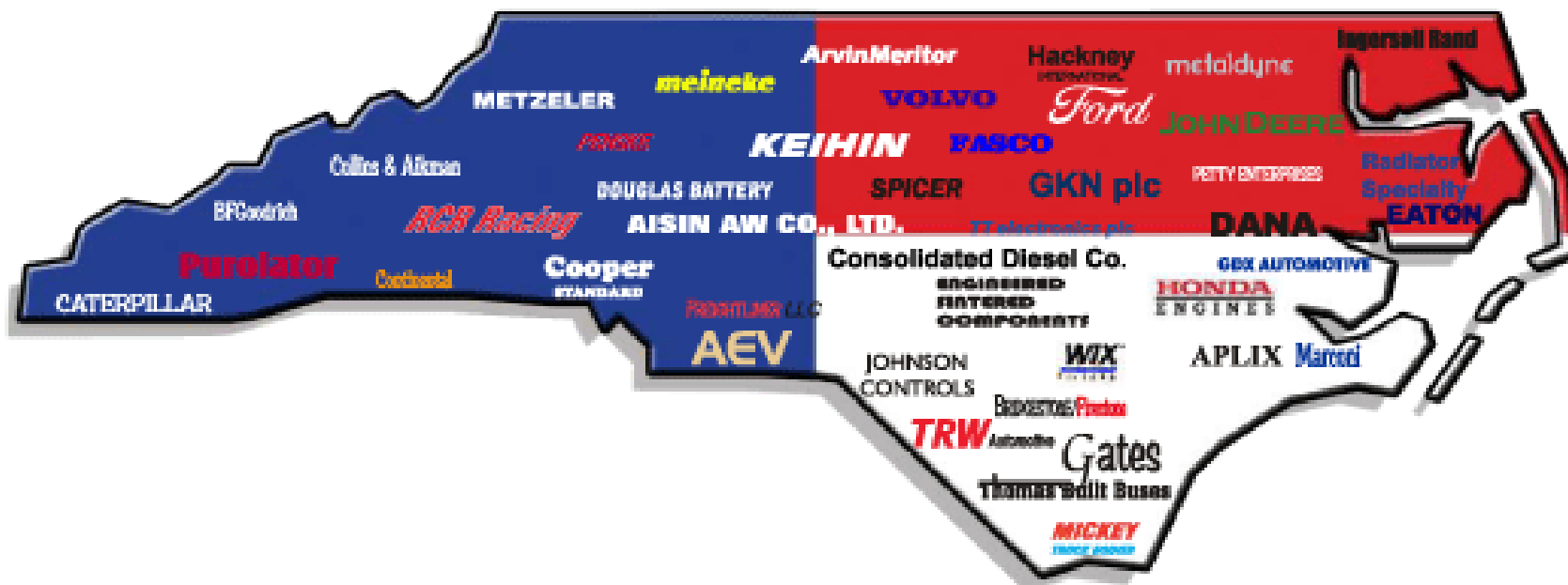
Nissan's Future North American Headquarters in Tennessee



Sampling of Auto Parts Suppliers in North Carolina (More than 1,000)



THESE COMPANIES ARE PARKED IN NORTH CAROLINA...



II. Foreign Automakers in the South: Parts Suppliers



- Suppliers for new Toyota plant in MS will generate 2,000 new jobs and \$122 million in payroll;
- Toyota supplier Boshoku moves its U.S. headquarters to Kenton County, Kentucky from Michigan;
- Hino Motors USA announces \$70 million expansion at its Marion, Arkansas facility;
- AW North Carolina has 950 employees at \$390 million facility;
- More than 50 auto-related companies consider Georgia as their North American headquarters.



III. Why the Surge?



- Ability to construct new, ground-up manufacturing facilities;
- Economies of scale created by cluster effect of a huge and growing number of assembly plants and thousands of parts suppliers;
- Low or non-existent rates of unionization;
- Cost-effective inter-modal transportation network in the South, spanning railways, highways, airports and ports;



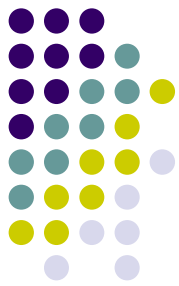
III. Why the Surge?



- Ports in the South are a particularly strong asset (ports of Jacksonville, Florida; Baltimore, Maryland; Brunswick, Georgia; Charleston, South Carolina);
- Attractive incentive packages;
- Other attractions such as the weather, reduced cost of living, lower or no personal income taxes, free or inexpensive property costs to build assembly plants, along with other attractive quality of life attributes.



BMW's Await Loading at the Port of Charleston, SC



Thank You

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